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8 MATROX GRAPHICS, INC.,
MATROX INTERNATIONAL CORP.,
9 and MATROX TECH, INC.

10 UNITED STATES DISTRICT COURT
11 NORTHERN DISTRICT OF CALIFORNIA
12 SAN FRANCISCO DIVISION

13 RICOH COMPANY, LTD.,

14 Plaintiff,

15 vs.

16 AEROFLEX INCORPORATED, et al.,

17 Defendants.

Case No. C03-04669 MJJ (EMC)

**DEFENDANT'S *EX PARTE* APPLICATION
FOR ORDER COMPELLING REMOVAL
OF REFERENCES TO PRIVILEGED
MATERIAL AND RETURN OF
INADVERTENTLY PRODUCED
PRIVILEGED MATERIAL AND
[PROPOSED] ORDER**

18
19 **I. INTRODUCTION**

20 Defendants Aeroflex Inc. and Aeroflex Colorado Springs (collectively "Aeroflex") hereby
21 move the Court pursuant to Civil L.R. 7-10 and paragraph 4 of the Standing Order for an order
22 requiring Plaintiff Ricoh Company, Ltd ("Ricoh") to immediately withdraw, and then re-file its Motion
23 for Sanctions filed on February 21, 2006 without reference to an inadvertently produced privileged
24 document.¹ In addition, Aeroflex requests that Ricoh comply with its obligations pursuant to the
25 Stipulated Protective Order entered in this case and return the document at issue, as well as a handful
26

27 ¹ Provided the motion is re-filed with no other substantive changes, Aeroflex agrees that there is no need to reset the agreed
28 hearing and briefing schedule set forth in the Stipulation and Order filed on February 28, 2006.

1 of additional documents that were inadvertently produced.

2 The document at issue is a July 2005 email string that starts with an email from litigation
3 counsel well known to Ricoh, Jacky Fink of Howrey, to Aeroflex that includes a very clear “attorney
4 client privileged” footer at the bottom of the email and clearly relates to this litigation. The next email
5 in the string is an email from in-house counsel at Aeroflex, to his employees, regarding this litigation.
6 There is no question that the document is privileged, that the privileged nature of the document was
7 clearly recognizable, and that it was inadvertently produced. Synopsys and the Customer Defendants
8 in this case collected and produced 8 million pages of documents in an approximately 5 month period
9 that included collection from at least 85 different people in twelve different locations. Only a handful
10 of privileged documents have inadvertently been produced, an event contemplated and addressed in the
11 Stipulated Protective Order, which requires return of all inadvertently produced documents after
12 discovery and notification to the other side. Aeroflex’s counsel first discovered that the privileged
13 email, and handful of other similar documents, were inadvertently produced when Ricoh filed its
14 motion, and promptly requested their return in accordance with the terms of the Stipulated Protective
15 Order. Ricoh has refused.

16 Aeroflex moves for relief on an expedited basis because of the significance of this issue, and
17 the risk that Ricoh will claim that additional delay should affect Aeroflex’s rights. In addition, the
18 privileged document must be removed from the Motion in advance of Aeroflex’s opposition to avoid
19 any further compromise to Aeroflex’s rights. The emergency requiring *ex parte* relief is not of
20 Aeroflex’s making. Plaintiff chose to rely upon material it knew, or should have known, was
21 privileged and unintentionally produced long after being made specifically aware of its obligations
22 pursuant to *State Compensation Ins. Fund v. WPS, Inc.*, 70 Cal. App. 4th 644, 656 (Cal. Ct. App. 1999)
23 to notify Aeroflex of the potentially inadvertent production. Ricoh wholly ignored this obligation –
24 and instead – and quite remarkably – filed an obviously privileged but inadvertently produced
25 document claiming, without any basis, that “[t]his email was voluntarily produced by Aeroflex in part
26 to explain how the various Aeroflex libraries were selected.” Ricoh’s Sanctions Motion at 13.
27 Notably, however, Ricoh immediately thereafter contradicts itself, expressly acknowledging that the
28 document might be subject to a claim of privilege, which it then claims should be ignored for various

1 unsupportable reasons. *Id.* Given Ricoh's recognition that there might be a claim of privilege, it is
2 outrageous that the first notification Ricoh provided to Aeroflex of its possession of a clearly
3 privileged document was in the filed motion. Plaintiff's decision to rely upon inadvertently produced
4 privileged material necessitates this *ex parte* application, and the equitable remedy requested qualifies
5 as the extraordinary relief justifying such an application under paragraph 4 of the Standing Order. All
6 efforts to resolve this dispute without Court intervention have failed. Declaration of Denise M. De
7 Mory in Support of Ex Parte Application to Compel Removal of Privileged Materials ("De Mory
8 Decl."), ¶2, Exhs. 1-3.

9 **II. FACTUAL BACKGROUND**

10 A discovery stay in this case was lifted on July 22, 2005. Discovery began in earnest in late
11 September after a series of meet and confers, and letters to Judge Chen. De Mory Decl. ¶3. Initially,
12 Defendants were required to collect documents from eighty-five individuals in over a dozen locations
13 across the U.S. and Canada during an approximately two month time period. *Id.* Thereafter,
14 additional documents have been collected from some of the same and other individuals. *Id.* Over an
15 approximately five month period, approximately eight million pages of documents were collected and
16 produced by Synopsys and the Customer Defendants. *Id.* Synopsys and the Customer Defendants
17 made every reasonable effort – and beyond – to produce documents that Ricoh has insisted that it
18 needs to do its infringement contentions. *Id.* In addition, Synopsys and the Customer Defendants have
19 produced witnesses for well over 100 hours of deposition with another 100 hours scheduled in the near
20 future. *Id.* At this point, enormous amounts of money have been spent and enormous amounts of
21 party resources have been expended collecting and producing documents and providing other
22 discovery to Ricoh. *Id.*

23 Notwithstanding these efforts, and likely because there are major substantive problems with
24 Ricoh's case, Ricoh has attempted to turn this whole case into a case about alleged discovery abuses.
25 Indeed, in almost every deposition, instead of focusing on collecting information relevant to its
26 infringement contentions, Ricoh has focused almost exclusively on an attempt to prove up some kind
27 of inadequacy relating to the efforts of Aeroflex, Synopsys, and the other Customer Defendants to
28 meet Ricoh's discovery demands. These issues will be addressed more fully in the Opposition to

Ricoh's Sanctions Motion, but are important here in view of Ricoh's refusal to return the documents because of an alleged "potential fraud on the Court" evidenced by the email in question. This, like the rest of the sanctions motion, is unsupportable on its face.

In the course of working as quickly as possible to meet Ricoh's demands, a few privileged documents – out of eight million pages – were inadvertently produced notwithstanding the safeguards that were implemented to prevent inadvertent disclosure. *Id.*, ¶4. The safeguards implemented to prevent inadvertent disclosure included numerous layers of review. *Id.* An electronic discovery firm was retained at considerable expense to do electronic filtering of documents for privilege.² *Id.* In addition, numerous Howrey attorneys, as well as attorneys retained just to do privilege review, did page by page searches of documents that were to be produced. *Id.* Documents were reviewed both for substance as to whether the documents contained privileged content, and against lists of in-house and outside attorneys. *Id.*

In any event, the parties to this case have already agreed in the Stipulated Protective Order that mere inadvertence will not constitute a waiver of any privileges. Specifically, Paragraph 21(b) of the Stipulated Protective Order provides as follows:

(b) In the event that any privileged attorney-client or work product documents or things are inadvertently produced for inspection and/or provided, the disclosing party shall identify such documents or things within five (5) days of when it discovers that the privileged materials were inadvertently produced for inspection and/or provided, and either (1) copies shall not be provided, or (2) if copies have already been provided, all copies in the receiving party's possession shall be promptly returned (and not relied upon) by the receiving party. Nothing in this paragraph shall prevent the receiving party from contending that the identified materials are not privileged, that the material was not inadvertently produced, or that privilege was waived for reasons other than mere inadvertent production of the material.

Id., Exh. 4. In accordance with the terms to which Ricoh agreed and are set forth in the Order, Ricoh

² Some of the early emails were not filtered, and it is believed that the email at issue here was not subjected to electronic filtering, but was reviewed and inadvertently produced.

1 must return inadvertently produced documents, and only reserved the right to assert that (1) the
2 materials are not privileged (not an issue here); (2) the production was not inadvertent (also,
3 notwithstanding Ricoh's claims to the contrary, not an issue here); or (3) that the privilege was waived
4 for reasons other than mere inadvertence (which Ricoh, as set forth below, can not show).

5 In accordance with Paragraph 21(b), Ricoh has been notified on four occasions that a very
6 small number, particularly when compared with the total production, of inadvertently produced
7 documents were discovered. *Id.*, ¶6. In the first instance, Aeroflex discovered that a handful of
8 Aeroflex documents had been inadvertently produced, and notified Ricoh. The documents at issue
9 contained communications between Aeroflex's in-house counsel and Aeroflex employees after this
10 litigation was filed that were about this litigation. Initially, there was a dispute regarding their return.
11 *Id.* In the course of that dispute, Ricoh was made aware of its obligations pursuant to *State*
12 *Compensation Ins. Fund v. WPS, Inc.*, 70 Cal. App. 4th 644, 656 (Cal. Ct. App. 1999). *Id.*, Exh. 5.
13 Gary Hoffman, Ricoh's counsel, ultimately agreed to return the documents, stating as follows:

14 From this point forward in order to comply with paragraph 21(b) [of the Stipulated Protective
15 Order] for the return of privileged documents, a party will only be required to allege that an
16 identified range of documents are privileged and that no additional information, declarations, or
verifications, or the like, will be required.

17 *Id.*, Exh. 6. Thereafter, on two occasions, the Customer Defendants notified Ricoh of privileged
18 documents comprising similar communications with in-house counsel, and they were returned without
19 question, even though in some cases relatively long periods had lapsed prior to discovery, which in this
20 case, is understandable in view of the volume of documents produced and the hectic pace of on-going
21 discovery.

22 In addition to the terms of the Stipulated Protective Order, Mr. Hoffman's acknowledgement of
23 his obligations pursuant to the Order, and Ricoh's awareness of the *State Compensation* case, two
24 other things are notable. First, the parties have agreed not to log any communications with their clients
25 after the filing of the lawsuit on January 20, 2003, implicitly acknowledging something as to which
26 there can be no doubt: communications between Howrey and its clients after the filing of the lawsuit
27 about the lawsuit are privileged. Second, any doubt as to Ricoh's awareness of this fact can be
28 alleviated by Ken Brothers' acknowledgement that Synopsys would assert that any internal legal

1 communications after January 20, 2003 about the patent, and other topics, were privileged. *Id.*, Exh.
2 7.³

3 Notwithstanding all of the foregoing, on February 21, 2006, Ricoh filed a Motion for Sanctions
4 alleging violations of Judge Jenkins's Case Management Conference Order governing this case. In
5 support of its argument, Ricoh cited an email dated July 15, 2005 from Ms. Jaclyn Fink to Mr. Y.R.
6 Hladkyj and Mr. Peter Milliken of Aeroflex. *Id.*, ¶ 8. Ms. Fink is an attorney at Howrey, LLP
7 representing Aeroflex, the other Customer Defendants, and Synopsys in this action. *Id.* Mr. Hladkyj is
8 in-house counsel for Aeroflex. *Id.*

9 Aeroflex wrote a letter dated February 23, 2006 to Ricoh requesting return of the privileged
10 document relied upon in the Motion and other inadvertently produced privileged materials. *Id.*, ¶ 2,
11 Exh. 1. Having received no response to the request to return the documents, Aeroflex gave notice of
12 its intention to file the instant application on February 27, 2006. *Id.*, ¶ 2, Exh. 2.

13 After receiving notice of the instant motion, Ricoh responded to the request to return the
14 inadvertently produced document. *Id.*, ¶ 2, Exh. 3. Ricoh refused to return the document, quoting the
15 following footnote in its Sanctions Motion:

16 This email was voluntarily produced by Aeroflex in part to explain how the
17 various Aeroflex libraries were selected. To the extent it was subject to any
18 claim of privilege, such a claim was waived both by the voluntary production
19 of the document, and because it reflects a possible fraud upon the Court. *Bud*
20 *Antle, Inc. v. Grow-Tech, Inc.*, 131 F.R.D. 179, 183-184 (N.D.Cal. 1990) (privilege
21 was waived because of failure to claim privilege for six weeks following
22 disclosure and failure to take reasonable precautions against disclosure);
23 *Cunningham v. Connecticut Mutual Life Ins.*, 845 F.Supp. 1403 (S.D.Ca. 1994)
24 (privilege was waived because it was not properly asserted and the privilege
25 did not apply under the crime-fraud exception).

26 *Id.* In Ricoh's response, Ricoh also claimed that its actions were also justified based on its claim that
27 Aeroflex intentionally produced certain other privileged documents in the litigation. *Id.* Believing this
28 statement to be in error, Aeroflex's counsel inquired of Ricoh's counsel the facts underlying this

3 Mr. Brothers' letter acknowledges this assertion on behalf of Synopsys only, but it was made clear in the meet and confer leading up to that letter that the position was universal as to both Synopsys and the Customer Defendants.

statement. *Id.* Ricoh's counsel represented that this statement referenced only the production of some initial communications between Synopsys and the Customer Defendants in which Synopsys indicated that it was assuming the defense of the case, and that Howrey would be retained to defend the Customer Defendants. *Id.* These documents, however, simply reflect a communication between Synopsys and its Customers reflecting the commencement of the joint defense.

III. ARGUMENT

The Court should order the immediate return of the privileged documents, and require Ricoh to withdraw and re-file its Motion for Sanctions because Ricoh's decision to rely on the clearly privileged email was improper, and it has no justification for refusing to return the email at issue, or the other inadvertently produced privileged documents.

A. Ricoh's Reliance On The Clearly Privileged Document Was Improper

Ricoh's actions concerning inadvertently produced attorney-client privileged materials contravened California law. In California, attorneys receiving "materials that obviously appear to be subject to an attorney-client privilege or otherwise clearly appears to be confidential and privileged and where it is reasonably apparent that the materials were provided or made available through inadvertence, ... shall immediately notify the sender that her or she possesses material that appears to be privileged." *State Compensation Ins. Fund v. WPS, Inc.*, 70 Cal. App. 4th 644, 656 (Cal. Ct. App. 1999). Ricoh's actions violated this standard of conduct.

The email Ricoh relied upon in its Motion was a confidential communication between client and attorney, and protected by the attorney client privilege as a result. *United States v. Derr*, 1993 U.S. Dist. LEXIS 11414, *2 (N.D. Cal. 1993). Ms. Fink is representing Aeroflex in this case, Mr. Hladkyj is Aeroflex's in-house counsel, and the subject of the email relates directly to issues in this case.⁴ Accordingly, there can be no question that the attorney-client privilege protects the contents of the email.

⁴ There can be no doubt that Ricoh was aware that the email was attorney-client privileged. Ricoh's counsel has interacted extensively with Ms. Fink, and the email contains a footer stating that it is from the law firm of Howrey LLP and may include confidential and/or privileged information. The email also contains a discussion with a client pertinent to issues in this case. Its privileged nature is clear.

1 There can also be no doubt that Ricoh knew the email was inadvertently produced. The email
 2 was contained in the eight million pages of documents produced in response to Ricoh's document
 3 requests, and no relevant privileges have been waived by Customer Defendants in this case. De Mory
 4 Decl. ¶ 4. Contrary to Ricoh's assertion in its Motion, the email was not produced voluntarily to
 5 "explain how the various Aeroflex libraries were selected." De Mory Decl., ¶ 9. Aeroflex had
 6 absolutely no intention of producing the email at issue or waiving any privilege as a result, and Ricoh's
 7 contention otherwise is baseless. Accordingly, Ricoh was required to immediately notify Synopsys
 8 that privileged email had been inadvertently produced. Instead, Ricoh made a decision to flout the law
 9 and wrongfully rely upon an attorney-client privileged email in support of its Motion.

10 **B. Ricoh's Failure To Return The Document Is Unjustifiable**

11 Ricoh cannot justify its failure to return the privileged documents.

12 Ricoh's first claim is that the Fink email was intentionally produced. Motion for Sanctions at
 13 13, fn. 2 This is not true; the email was not intentionally produced. De Mory Decl., ¶9. Ricoh knew
 14 or should have known this. Notably, immediately after claiming that the document was intentionally
 15 produced, Ricoh changes gears and acknowledges that the document is subject to a claim of privilege,
 16 but attempts to justify why the privilege has been waived. Motion for Sanctions, at 13, fn. 2. These
 17 justifications are also without merit.

18 Based on Ricoh's reliance on *Bud Antle, Inc. v. Grow-Tech, Inc.*, 131 F.R.D. 179, 183-184
 19 (N.D. Cal. 1990), Ricoh's first justification for the alleged waiver appears to be that the privilege was
 20 waived though inadvertence because of the period of time that transpired prior to discovery plus a
 21 failure to take inadequate precautions. *Bud Antle*, however, in inapposite. Here, there is a Stipulated
 22 Court Order that governs this situation. There was no such Order in *Bud Antle*. The terms of that
 23 order provide for the return of inadvertently produced documents. The documents must be returned,
 24 and the receiving party only has the right to assert that (1) the materials are not privileged; (2) the
 25 production was not inadvertent; or (3) that the privileged was waived for reasons other than mere
 26 inadvertence. The materials are privileged, the production was not inadvertent, and *Bud Antle* deals
 27 only with waiver by inadvertence, specifically excluded as a ground for asserting waiver here in the
 28 Stipulated Protective Order.

1 Even if this Court could or should attempt to determine whether the inadvertent production
 2 resulted in waiver, an action explicitly Ricoh agreed would not happen, no waiver could be found here.
 3 Acknowledging that time is not an issue, Ricoh has already agreed to return documents produced
 4 months before discovery of the privilege. The parties already agreed not to log these communications,
 5 so delay in providing a privilege log does not justify waiver. Synopsys and the Customer Defendants
 6 had in place adequate safeguards and expended substantial resources reviewing documents to avoid
 7 inadvertent production. Finally, the scope of the production – 8 million pages – clearly militates
 8 against wavier by inadvertence. If a privileged document is inadvertently produced, “the privilege is
 9 preserved if the privilege holder has made reasonable efforts to protect and preserve the privilege.”
 10 *Derr*, 1993 U.S. Dist. LEXIS 11414, at *2; *see also Transamerica Computer Co., Inc. v. IBM Corp.*,
 11 573 F.2d 646 (9th Cir. 1978).

12 Next, Ricoh claims that *Cunningham v. Connecticut Mutual Life, Ins.*, 845 F. Supp. 1403 (S.D.
 13 Ca. 1994) justifies waiver because of a “potential fraud on the Court.” It is offensive to even have to
 14 respond to such an assertion. *Cunningham* deals with the crime-fraud exception to privilege in which
 15 the following elements must be met prior to the exception being applied:

16 In California, for the crime-fraud exception to apply, two elements must be shown. First, the
 17 party opposing the privilege must establish a prima facie case of fraud. *BP Alaska Exploration,*
 18 *Inc. v. Superior Court*, 199 Cal. App. 3d 1240, 1262, 245 Cal. Rptr. 682, 696 (1988); *Nowell v.*
 19 *Superior Court*, 223 Cal. App. 2d 652, 657, 36 Cal. Rptr. 21, 25 (1963). Second, the party must
 also establish a reasonable relationship between the fraud and the attorney-client
 communication. *BP Alaska*, 199 Cal. App. 3d at 1268, 245 Cal. Rptr. at 701.

20 *Id.* The elements of fraud necessary to establish the exception are: “(1) a misrepresentation of
 21 material fact, (2) knowledge of the representation's falsity, (3) intent to deceive, and (4) the right to
 22 rely on the representation. *Id.* at 1263, 245 Cal. Rptr. at 697.” *Id.* at 1412.

23 Here, what we have is Ms. Fink's initial interpretation of what transpired at an unrecorded Case
 24 Management Conference. Though Aeroflex does not agree that such is the case, at best, Ms. Fink's
 25 interpretation was wrong, not a fraud. Ricoh is well aware of what happened at that Case Management
 26 Conference, and that what was required to be collected as a result was the subject of substantial letter
 27 writing between the parties, plus additional clarification at further conferences. Moreover, without
 28 disclosing the content of the email herein, it is clear on the face of the email that no “fraud” was

1 committed. As the subsequent email string reflects, and even the very paragraph referenced reflects,
 2 there was a request for the information at issue, and it was collected. It is reprehensible for Ricoh to
 3 say that this email should give rise to the crime fraud exception!

4 Finally, the alleged “intentional production of other privileged documents” assertion likewise
 5 does not carry the day. Those other documents were inter-party communications that gave rise to the
 6 formation of the joint defense and commences Howrey’s representation of the parties. In any event,
 7 even if this was some “intentional production” on some limited subject area, it could not possibly
 8 justify improperly relying on and refusing to return an email drafted by litigation counsel two and half
 9 years into the litigation.

10 **IV. CONCLUSION**

11 For the foregoing reasons, Customer Defendants respectfully request this Court to order: (1)
 12 that Plaintiff’s motion is stricken as filed, (2) that Plaintiff is required to withdraw its motion and re-
 13 file it after removing all privileged materials and references to privileged materials, (3) that all
 14 identified privileged materials are returned by Plaintiff to Defendant, and (4) that Plaintiff abide by
 15 California law and the Stipulated Protective Order in the future with respect to privileged materials
 16 inadvertently produced.

17 Dated: March 3, 2006

Respectfully submitted,

18 HOWREY LLP

19
 20 By: /s/Denise M. De Mory

21 Denise M. De Mory
 22 Attorneys for Plaintiff
 23 SYNOPSIS, INC. and for Defendants
 24 AEROFLEX INCORPORATED,
 25 AEROFLEX COLORADO SPRINGS,
 26 INC., AMI SEMICONDUCTOR, INC.,
 27 MATROX ELECTRONIC SYSTEMS,
 28 LTD., MATROX GRAPHICS, INC.,
 MATROX INTERNATIONAL CORP.,
 and MATROX TECH, INC.

ORDER

After having given due consideration to Defendant Aeroflex et al.'s *Ex Parte* Application for Order Striking Plaintiff's Motion for Sanctions and Seeking Removal of References to Privileged Materials, and Return of Inadvertently Produced Privileged Materials,

IT IS HEREBY ORDERED that:

(1) Plaintiff Ricoh's Motion for Sanctions filed February 21, 2006 is stricken due to its improper reliance upon inadvertently produced privileged materials;

(2) Plaintiff Ricoh shall withdraw its motion and remove all privileged materials and references to privileged materials prior to re-filing its Motion; and

(3) Plaintiff Ricoh shall return to Defendants all privileged materials previously identified by Defendants and so identified by Plaintiffs, and shall abide by California law and the Stipulated Protective Order with respect to inadvertently produced privileged materials in the future.

IT IS SO ORDERED.

DATED:

EDWARD M. CHEN
United States District Judge